

FY 2014-15: DEPARTMENT OF EDUCATION
Summary: Conference Report
Senate Bill 765 (S-1) CR-1



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	FY 2013-14 YTD as of 2/5/14	FY 2014-15 Executive	FY 2014-15 House	FY 2014-15 Senate	FY 2014-15 Enacted	<i>Difference: Conference From FY 2013-14 YTD</i>	
						<i>Amount</i>	<i>%</i>
IDG/IDT	\$0	\$0	\$0	\$0	\$0	\$0	--
Federal	211,873,000	226,097,500	224,097,500	226,097,500	189,473,500	(22,399,500)	(10.6)
Local	5,633,700	5,633,700	5,633,700	5,633,700	5,633,700	0	0
Private	1,933,300	1,933,300	1,933,300	1,933,300	1,933,300	0	0
Restricted	8,032,100	7,972,600	7,972,600	7,972,600	7,972,600	(59,500)	(0.7)
GF/GP	70,893,900	84,939,000	81,847,200	85,025,000	82,083,000	11,189,100	15.8
Gross	\$298,366,000	\$326,576,100	\$321,484,300	\$326,662,100	\$287,096,100	(\$11,269,900)	(3.8)
FTEs	593.5	627.5	598.5	606.5	606.5	13.0	2.2

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The State Board of Education is an eight-member elected board constitutionally mandated to provide leadership and supervision for public education in Michigan. The Michigan Department of Education (MDE) is the administrative arm of the Board charged with implementing state and federal educational mandates and administering programs. Major responsibilities of the MDE include developing and overseeing the K-12 school system, certifying teachers, disbursing funds to educational organizations and libraries, providing technical assistance to school districts and libraries, and providing early education and child day care support for low-income and other qualifying families.

Major Budget Changes From FY 2013-14 YTD Appropriations

1. Child Development and Care (CDC) – Hours Increase

Executive includes a \$6.9 million increase for the Child Development and Care (CDC) program to increase the maximum allowable reimbursable hours for subsidized child care from 80 hours to 90 hours in a two-week period. This is full year funding for FY 2014-15, subsequent to a FY 2013-14 supplemental increase of \$3.5 million in partial year funding for the same purpose.

House concurs with Executive.

Senate concurs with Executive.

Conference concurs with Executive.

	FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
Gross	\$136,344,000	\$6,900,000
Federal	97,355,200	6,900,000
GF/GP	\$38,988,800	\$0

2. Child Development and Care (CDC) – Tiered Reimbursement

Executive includes \$3.7 million to reimburse high quality childcare providers at higher hourly rates per a tiered reimbursement system, as defined by the Great Start to Quality provider rating system. This is full year funding for FY 2014-15, subsequent to a FY 2013-14 supplemental increase of \$1.8 million in partial year funding for the same purpose.

House concurs with Executive.

Senate concurs with Executive.

Conference concurs with Executive.

Gross	\$136,344,000	\$3,672,000
Federal	97,355,200	3,672,000
GF/GP	\$38,988,800	\$0

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
3. Educator Evaluations and Student Assessments			
<p><u>Executive</u> provides \$5.0 million of ongoing funds for the phase-in of educator evaluations and new student assessments. This includes 21.0 FTEs. Funding is split between the following units: Accountability Services (\$4.1 million), Professional Preparation Services (\$167,000), and Educational Improvement and Innovation Services (\$738,200). There is an additional \$900,000 one-time GF/GP to implement educator evaluations for teachers and administrators throughout the state. Funding at MDE will be used for staffing, compliance monitoring, and information technology systems modifications.</p> <p><u>House</u> eliminates FTEs and funding for Educator Evaluations and Assessments proposed in the Executive budget, leaving \$100 in the Accountability Services unit as a placeholder.</p> <p><u>Senate</u> eliminates all FTEs and funding.</p> <p><u>Conference</u> shifts \$3.4 million (\$2.5 million in ongoing funds and \$900,000 in one-time funding) to a reserve fund pending the enactment of HB 5223 and HB 5224.</p>	FTE	N/A	0.0
	Gross	N/A	\$3,414,000
	Federal	N/A	0
	GF/GP	N/A	\$3,414,000
4. Accountability Services – Transfer from School Aid			
<p><u>Executive</u> Includes a \$2.0 million transfer of federal assessment funding from the School Aid Budget.</p> <p><u>House</u> does not include.</p> <p><u>Senate</u> concurs with Executive.</p> <p><u>Conference</u> concurs with Executive.</p>	Gross	N/A	\$2,000,000
	Federal	N/A	\$2,000,000
5. Professional Preparation Services – Teacher Certification Tests			
<p><u>Executive</u> does not include.</p> <p><u>House</u> provides \$3.6 million GF/GP to update the full set of teacher certification tests, including content-specific and subject-relevant tests, to reflect current education standards.</p> <p><u>Senate</u> does not include.</p> <p><u>Conference</u> does not include in Department of Education budget. \$1.8 million included in School Aid budget.</p>	Gross	N/A	\$0
	GF/GP	N/A	\$0
6. Financial Independence Team (FIT)			
<p><u>Executive</u> includes \$778,100 GF/GP and 4.0 FTEs, to be utilized in conjunction with \$6.5 million and 9.0 FTEs in the Department of Treasury, to create a new financial independence team tasked with implementing early warning systems for distressed schools in need of financial attention.</p> <p><u>House</u> eliminates FTEs and funding for FIT, leaving \$100 as a placeholder within each of the two units the program is housed.</p> <p><u>Senate</u> concurs with Executive.</p> <p><u>Conference</u> concurs with Executive.</p>	FTE	N/A	4.0
	Gross	N/A	\$778,100
	GF/GP	N/A	\$778,100
7. Low Achieving Schools – School Reform			
<p><u>Executive</u> provides \$918,600 GF/GP for resources to help the lowest achieving schools to improve their academic programs and performance. This addition in school reform efforts includes 6.0 FTEs. Funding is split between the School Reform unit (\$306,200) and the Educational Improvement and Innovation Services unit (\$612,400)</p> <p><u>House</u> cuts funding and FTEs by 2/3 to total \$306,200 GF/GP and 2.0 FTEs.</p> <p><u>Senate</u> concurs with Executive.</p> <p><u>Conference</u> concurs with Executive.</p>	FTE	N/A	6.0
	Gross	N/A	\$918,600
	GF/GP	N/A	\$918,600
8. Office of Great Start			
<p><u>Executive</u> increases the Office of Great Start Operations line by 3.0 FTEs and \$404,000 GF/GP to provide additional administrative support for the Great Start Readiness Program, which under the Executive proposal in the School Aid budget would increase by another \$65.0 million, more than doubling the program since FY 2012-13.</p> <p><u>House</u> concurs with Executive.</p> <p><u>Senate</u> concurs with Executive.</p> <p><u>Conference</u> concurs with Executive.</p>	FTE	61.0	3.0
	Gross	\$22,192,900	\$404,000
	Federal	20,732,300	0
	Private	250,000	0
	Restricted	63,500	0
	GF/GP	\$1,147,100	\$404,000

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
9. State Aid to Libraries			
<u>Executive</u> – no change	Gross	\$8,876,000	\$0
<u>House</u> increases State Aid to Libraries by \$612,400.	GF/GP	\$8,876,000	\$0
<u>Senate</u> increases State Aid to Libraries by \$356,000			
<u>Conference</u> does not include.			
10. Library Funding – Renaissance Zone Reimbursements			
<u>Executive</u> transfers \$3.2 million in Renaissance Zone Reimbursements from the School Aid budget, which when combined with existing MDE funds totals \$4.7 million for FY 2014-15.	Gross	\$1,500,000	\$3,200,000
<u>House</u> concurs with Executive.	GF/GP	\$1,500,000	\$3,200,000
<u>Senate</u> concurs with Executive.			
<u>Conference</u> concurs with Executive.			
11. Library Funding – MPSERS Payments			
<u>Executive</u> transfers \$1.3 million state share for MPSERS payments to Libraries from the School Aid budget. Also provides \$900,000 for the required increase in the state share for MPSERS payments and \$356,000 GF/GP to cover the proposed employer unfunded liability rate cap reduction to 19.76%.	Gross	N/A	\$2,200,000
<u>House</u> concurs with Executive.	GF/GP	N/A	\$2,200,000
<u>Senate</u> concurs with \$1.3 million transfer from School Aid and \$900,000 GF/GP for increased actuarial assessments, but does not include the GF/GP increase of \$356,000 to lower the MPSERS rate.			
<u>Conference</u> concurs with Senate.			
12. Economic Adjustments			
<u>Executive</u> reflects increased costs of \$1.9 million Gross (\$274,400 GF/GP) for negotiated salary and wage amounts (2.0% ongoing increase plus 0.5% lump sum payments), actuarially-required retirement rate increases, and other economic adjustments. Insurance costs held flat due to recent state employee health plan revisions.	Gross	N/A	\$1,867,400
<u>House</u> concurs with Executive.	Federal	N/A	1,472,500
<u>Senate</u> concurs with Executive.	Restricted	N/A	120,500
<u>Conference</u> concurs with Executive.	GF/GP	N/A	\$274,400

Major Boilerplate Changes From FY 2013-14

Sec. 208. Personnel Records – RETAINED

Directs that MDE require districts to retain teacher personnel records regarding sexual misconduct.

Executive deletes.

House maintains current law.

Senate maintains current law.

Conference maintains current law.

Sec. 211. Adequate Yearly Progress (AYP) – RETAINED

Requires that MDE allow districts to appeal a determination of failure to meet AYP prior to MDE reporting those results.

Executive deletes.

House maintains current law.

Senate maintains current law.

Conference maintains current law.

Sec. 216. Communication with the Legislature – RETAINED

Prohibits MDE from taking disciplinary action against an employee for communicating truthfully and factually with a legislator or his/her Staff.

Executive deletes.

House maintains current law.

Senate maintains current law.

Conference maintains current law.

Major Boilerplate Changes From FY 2013-14

Sec. 218. Records Retention – RETAINED

Requires MDE to retain all reports funded from appropriations according to federal and state guidelines for short-term and long-term retention of records.

Executive deletes.

House maintains current law.

Senate maintains current law.

Conference maintains current law.

Sec. 220. Timely Data – RETAINED

Requires MDE to provide data requested by legislature, staff, and fiscal agencies in a timely manner; subjects the State Board/Superintendent Operations line item to a penalty of 1% of state funds if reasonably requested data is not received within 30 days or if reports required by boilerplate or statute are not submitted within 30 after it is due.

Executive deletes.

House maintains current law.

Senate maintains current law.

Conference maintains current law.

Sec. 231. Common Core Standards and Smarter Balanced Assessments – DELETED

Prohibits expenditures of funds on common core standards and smarter balanced assessments unless authorized by an affirmative action of the Legislature.

Executive deletes.

House concurs with Executive.

Senate concurs with Executive.

Conference concurs with Executive.

Sec. 231. Legacy Costs – NEW

Identifies total appropriations in part 1 for legacy costs for FY 2014-15 equal to \$15,367,500. Pension-related costs are estimated at \$8,739,900. Retiree health care costs are estimated at \$6,897,600.

Executive adds this section.

House concurs with Executive.

Senate concurs with Executive.

Conference concurs with Executive.

Sec. 232. Subrecipient Monitoring Services – DELETED

In addition to funds appropriated in part 1, appropriates up to \$180,000 from payments for subrecipient monitoring expenses provided to other departments.

Executive deletes.

House concurs with Executive.

Senate concurs with Executive.

Conference concurs with Executive.

Sec. 233. Requests for Proposals – RETAINED

Prohibits department from issuing a request for proposal for a contract exceeding \$5.0 million unless it first considers issuing a request for information or request for qualification.

Executive deletes.

House maintains current law.

Senate maintains current law.

Conference maintains current law.

Sec. 235. Contract Notification – NEW

Requires that the department notify the House and Senate before entering into a contract that exceeds \$1 million or seek a federal waiver from, or amend the federal waiver from the No Child Left Behind Act of 2001.

Executive does not include.

House adds section.

Senate does not include.

Conference concurs with House.

Sec. 236. Nonpublic School Mandates – NEW

Requires the department to compile a report that identifies mandates required of nonpublic schools.

Executive does not include.

House does not include.

Senate adds section.

Conference concurs with Senate.

Major Boilerplate Changes From FY 2013-14

Sec. 302. Travel Expenditures – RETAINED

Prohibits spending over \$35,000 for in-state and out-of-state travel for Board of Education members.

Executive deletes.

House maintains current law but updates dollar amount annually using CPI inflation rates.

Senate maintains current law.

Conference concurs with Senate.

Sec. 401. Michigan School for the Deaf and Blind Employees – NEW

States that employees at the Michigan School for the Deaf and Blind who work on a school-year basis be considered annual employees for the purposes of service credits, retirement, and insurance benefits.

Executive adds this section.

House concurs with Executive.

Senate concurs with Executive.

Conference concurs with Executive.

Sec. 507. Teacher Certification Tests – NOT INCLUDED

Uses funds from Part 1 for the department to update the full set of teacher certification tests including content-specific and subject relevant tests to reflect current education standards by September 30, 2015.

Executive does not include.

House creates section.

Senate does not include.

Conference does not include in MDE budget. \$1.8 million included in School Aid budget.

Sec. 601. Financial Independence Team (FIT) – NEW

Conference adds this section to explain the purpose of the Financial Independence Team – to develop a financial early warning system and provide assistance to distressed districts.

Sec. 701. Educational Improvement and Innovation Services - MVU – NOT INCLUDED

Requires the department to maintain and promote a statewide catalogue of virtual learning that will be maintained on the department's website.

Executive does not include.

House does not include.

Senate creates this section.

Conference does not include.

Sec. 702. Educational Improvement and Innovation Services – Educator Evaluations – NEW

Stipulates that funds appropriated in part 1 for educator evaluations and assessments shall not be expended unless HB 5223 and HB 5224 are enacted.

Executive does not include.

House does not include.

Senate does not include.

Conference creates section.

Sec. 803. Keep Library Functions Together – RETAINED

Provides intent that the State maintain the Library of Michigan and its component programs, except for the genealogy collections, together in a state department.

Executive deletes.

House maintains current law.

Senate maintains current law.

Conference maintains current law.

Sec. 805. MPSERS Funds for District Libraries – NEW

States that Part 1 funds for MPSERS costs shall be used for payments to participating district libraries. Describes how payments are to be calculated for, and allocated to, district libraries. Participating entities that receive funds under this section are required to forward the designated amount to the retirement system in a form, manner and timeframe determined by the retirement system.

Executive adds this section.

House concurs with Executive.

Senate concurs to fund MPSERS for payments to district libraries, but modifies to the 20.96% rate.

Conference concurs with Senate.

Major Boilerplate Changes From FY 2013-14

Sec. 901. Federal and Private Grants – RETAINED

Requires department to notify the Legislature within 10 days of receiving a federal or private grant appropriated in part 1 under the federal and private grants line.

Executive deletes.

House maintains current law.

Senate maintains current law.

Conference maintains current law.

Sec. 1001. Number of Childcare Providers – REVISED

Requires a report by November 1, 2013 on the number of childcare providers (by type) receiving payment for childcare services on October 1, 2013.

Executive deletes.

House maintains current law and revises dates.

Senate maintains current law and revises dates.

Conference concurs with House and Senate.

Sec. 1003. (1) Early Childhood Investment Corporation Annual Report – REVISED

Requires the department to submit an annual report on all funding appropriated to the Early Childhood Investment Corporation (ECIC) for FY 2012-13 by February 15. Report must detail the amounts of grants awarded, grant recipients, the activities funded by each grant, and an analysis of the work of each grantee. Also requires contracts for early childhood comprehensive systems planning to be bid through a statewide RFP process.

Executive deletes.

House maintains current law and revises dates.

Senate maintains current law and revises dates.

Conference concurs with House and Senate.

Sec. 1003. (2) Early Childhood Systems Planning RFP Process – NEW

States that all new and expiring department contracts for early childhood comprehensive systems planning shall be bid out through a statewide RFP process.

Executive adds this section.

House maintains current law.

Senate maintains current law.

Conference concurs with Executive.

Sec. 1004. Head Start Programs – DELETED

Requires Head Start providers to ensure that regulations related to Head Start programs be at least as rigorous as those for Great Start Readiness Programs by FY 2014-15. Allows for lead teachers to continue as Head Start lead teachers if they meet requirements for continuing education and have on file a planned program leading to proper certification.

Executive deletes.

House concurs with Executive.

Senate concurs with Executive.

Conference concurs with Executive.

Sec. 1101. School Reform Office – NEW

Ensures that students who are in an Individualized Education Program remain in that program, even if the school is separated from its residential district.

Executive does not include.

House does not include.

Senate creates this section.

Conference concurs with Senate.

Sec. 1201. FY 2014-15 Appropriation – REVISED

Expresses intent that the FY 2014-15 appropriations are anticipated to be the same as FY 2013-14 appropriations, except for adjustments for changes in caseloads, federal match rates, economic factors, and available revenue.

Executive deletes.

House maintains current law and revises dates.

Senate maintains current law and revises dates.

Conference concurs with House and Senate.

Sec. 1202. Retirement Costs – DELETED

Expresses intent that for FY 2014-15, the department identify the amount of normal and legacy retirement costs in part 1.

Executive deletes. Becomes new **Sec. 231** with amended language.

House concurs with Executive.

Senate concurs with Executive.

Conference concurs with Executive.